BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 14-07-002 (Filed July 10, 2014)

THE OFFICE OF RATEPAYER ADVOCATES' OPENING COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING PROPOSALS AND COMMENTS ON IMPLEMENTATION OF ASSEMBLY BILL 693

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I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) submits the following comments in response to the July 8, 2016 *Administrative Law Judge's Ruling Seeking Proposals and Comments on Implementation of Assembly Bill 693.* The Ruling seeks responses to a set of questions that ORA addresses below.

AssemblyBill (AB) 693(Oct 2015, Eggman) establishes the Multifamily Affordable Solar Roofs Program (MASRP) to "make qualifying solar energy systems more accessible to low-income and disadvantaged communities"[1] by installing these systems for the "express purpose of lowering the energy bills of tenants at low-income multifamily housing."[2] The legislation has a dual purpose; first, to expand the adoption of solar generation in the low-income multifamily affordable housing market, and second, to structure that expansion to provide lower, more affordable energy bills for low-income tenants.

ORA recommends that implementation of AB 693 focus on providing maximum benefit to low-income tenants from the solar energy systems, while minimizing impacts on all ratepayers. The framework of the program should be similar to the existing Multifamily Affordable Solar Housing (MASH) Program but with key improvements, such as:

- A more dynamic incentive structure that takes into account changes in the cost of installing solar;
- A third-party, statewide administrator; and
- Including storage bundled with solar in the definition of "solar energy system" as an option for program participants.

II. BACKGROUND

AB 693 created the Multifamily Affordable Housing Solar Roofs Program (AB 693 Program) to provide financial incentives for the installation of solar energy systems

[1] Assembly Bill 693 (2015) Section 1(e), hereafter AB693.

[2] AB693 (2015) Section 1(f).

on multifamily affordable housing properties in California. The statute allows for the program to count toward satisfying the net energy metering (NEM) successor tariff mandate to provide "specific alternatives designed for growth [of customer-sited renewable distributed generation] among residential customers in disadvantaged communities."[3]

The second phase of this proceeding will determine how the Commission will satisfy the mandate for encouraging growth of NEM in disadvantaged communities, which includes the implementation of the AB 693 Program. The July 8, 2016 "Administrative Law Judge's Ruling Seeking Proposals and Comments on Implementation of Assembly Bill 693" asks parties to provide their input on 26 questions related to implementation of the AB 693 Program.

III. DISCUSSION

Below, ORA responds to the specific questions raised by the Ruling:

1. Section 2870 requires that a property meet the statutory definition of "qualified multifamily affordable housing property" in order to be eligible to receive an incentive from the Program. How should the Program implement this requirement?

The program should maintain the property eligibility criteria set forth in the statute. For example, Public Utilities Code (PUC) Section 2870 requires that the subject property have at least five (5) rental housing units and that property is operated to provide "deed restricted" low-income housing under PUC Code Section 2852(a)(3)(A) subsection (i).[4]

Specifically, subsection (i) requires that rents charged to low-income tenants living at the subject property may not exceed those set by the deed restrictions or in regulatory agreements in accordance with the terms of the financing arrangements. In

[3] PU Code section 2827.1(a)(1).

[4] CPUC Code 2870(a)(3).

addition, the subject property must be within the location[5] or population[6] guidelines set forth in the code.

2. Should the Program use the CalEnviroScreen tool developed by the California Environmental Protection Agency to determine the boundaries of "a disadvantaged community, as defined by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code"? Why or why not? If you recommend using another method, please provide sources for the method, a detailed justification for its use, and examples of its potential application to the Program.

To ensure the broadest reach of the AB 693 Program, the program should use the CalEnviroScreen tool and Section 50052.5 of the Health and Safety Code to determine eligibility. The CalEnviroScreen tool[7] was created to identify "disadvantaged communities" for the Greenhouse Gas Reduction Fund's investments in the state. Since the AB 693 program is funded through the Greenhouse Gas Reduction Fund, AB 693 highlights the tool as one possible program eligibility determinant[8]. In addition to the CalEnviroScreen, the other eligibility threshold targets properties in areas where at least 80% of the households have incomes at or below 60% of the area median income (AMI), as defined in subdivision (f) of Section 50052.5 of the Health and Safety Code.

The Commission should adopt both of these eligibility criteria so that if a property meets the 80% of households having incomes at or below 60% of AMI but is not located in a disadvantaged community as defined by the CalEnviroScreen tool, the property would still be eligible.

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[5] Property is located in a disadvantaged community as defined by CalEnviroscreen. Section 2870 (3)(A).

[6] 80% of households (or units) in the property have incomes at or below 60% of area median income (AMI). Section 2870 (3)(B).

[7] http://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20.

[8] AB 693, Section 2870(3)(A).

3. What specific types of documentation should an applicant be required to submit in order to demonstrate that it meets all relevant elements of the statutory definition. Provide a justification for the relevance and sufficiency of each type of documentation identified. If more than one type of documentation, or alternative forms of documentation, are recommended, please specify whether any type is preferred, and why.

a. The Section 2852(a)(3)(A)(i) definition of "low-income residential housing;"

The code definition of "low-income residential housing" requires that rents charged to low-income tenants living at the subject property may not exceed those set by deed restrictions imposed in financing arrangements.[9] To verify that rents are within the required restrictions, the applicant should demonstrate eligibility by attaching supporting documentation to the application that shows rents for low-income tenants are maintained within the required limits. Such information will vary from property to property, and therefore Program Administrators should be provided flexibility to determine, on a case by case basis, whether an applicant has sufficiently demonstrated compliance with restrictions.

b. At least one of:

(i) Location in a disadvantaged community, as statutorily defined; or

For CalEnviroScreen, the Program Administrator may verify location eligibility using the applicant's subject property address, or a list of subject properties where the installation will occur.

[9] PU Code Section 2852(a)(3)(A)(i).

(ii) At least 80 percent of households have incomes at or below 60 percent of Area Median Income (AMI).

Any documentation provided by applicants to verify household income against Area Median Income ("AMI") should be strictly controlled to protect sensitive tenant information. Information will be shared between the Program Administrator (PA) and the entity applying for program funds to verify that the tenants of a multi-family building are eligible. The PA sets (AMI) limits provided to the applicant; for example, the PA would notify the applicant that AMI for the subject property is approximately $50,000. The applicant would then provide data on the property to the PA to confirm that 80 percent of households in the building make less than 60 percent of that AMI limit.

4. If some tenants of an otherwise qualified property are customers of community choice aggregators (CCAs), should this affect the eligibility of the property for the program? Why or why not? Would the number or proportion of tenants who are customers of CCAs be relevant to your recommendation? How?

CCA customers should be allowed to participate in the AB 693 program.

5. Should the available incentive funding be allocated as a certain percentage to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households? Why or why not?

No. Allocating a percentage of funding to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households will introduce an unnecessary level of complexity to the program that is not required by statute. Many of the applicant properties would be eligible for both allocations, so the program rules would need to include a mechanism for determining which allocated budget funds each of these "dual eligible" projects. Furthermore, determining the appropriate allocation would require up-front knowledge of the enrollment potential for each population of properties in order to avoid a situation where the allocated budget for one eligible population is exhausted while there is still remaining program potential.

a. If such a division of incentive funding should be made, should a predetermined fixed division be made(e.g., 50 percent to each type)? What percentage should such a fixed division be? Please provide a detailed justification for the recommended proportions.

b. Should such a division of incentive funding, if one is made, be determined each program year? For some other time period? Why or why not?

6. Should the 300 megawatt (MW) capacity goal be allocated as a certain percentage to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households? Why or why not?

No. Allocating a percentage of the capacity to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households is not necessary. Furthermore, achieving the 300 MW goal is likely to be difficult if the GHG revenue funding does not materialize as anticipated by AB 693 andallocating the goal in such a manner will add further complication. ORA recommends that the AB 693 capacity goal should be interpreted as aspirational rather than a rigid requirement.

a. If such a division of MW should be made, should a predetermined fixed division be made (e.g., 50 percent to each type)? What percentage should such a fixed division be? Please provide a detailed justification for the recommended proportions.

b. Should such a division of MW, if one is made, be determined each program year? For some other time period? Why or why not?

7. What type of incentive structure should the Commission adopt for the Program? Should the Commission implement an upfront, estimated performance-based incentive, similar to the MASH program, or should a different incentive structure be adopted (e.g., an auction mechanism)? Please describe why your proposed incentive structure would be best suited to achieving the Program goals.

The Commission should continue the dollar-per-watt Expected Performance Based Buy down (EPBB) incentive structure that was used to provide incentives through the MASH program, with a few revisions. In particular, the utilities should be directed to perform a market research study to estimate future PV system costs. The study would provide a basis for determining a schedule or method for reducing the incentive payments over time rather than maintaining a static incentive amount during the duration of the program life that does not take into account PV system cost reductions. The market research study should be completed on a schedule so that its recommendations can be put into place when program implementation begins.

The market research study should also base the rebate amount on as assessment of eligible property owners' willingness to cover a share of the PV system costs along a continuum of cost sharing rates. The rebate amount produced by the study should decline at a rate that is equivalent to the forecasted PV system cost declines over the time period for which program funding is available. The program administrators will update the rebate amount based on contemporary forecasts on an annual basis.

To ensure the tenants are the primary beneficiaries of the program, the rebate program should not include an option for the property owner applicant to allocate 100% of the NEM bill credits to common area metered load.

In line with the MASH incentive structure, applicants will use a modified EPBB calculator to determine their upfront EPBB incentive. Unless additional documentation is provided, the estimated annual kWh production of the proposed system as shown on the EPBB calculator may not be higher than the sum of the previous 12-month energy usages of all eligible meters.

The Commission should not administratively set rebate amounts, accept rebate amounts based on partial analysis, or base rebate amounts on analysis presented by any party with a potential financial interest in the program. The rebate amount should instead be based on an independent market research study that is vetted by interested parties.

The Commission may find it necessary to differentiate the rebate by factors such as PV system size and the ownership structure of eligible properties. Such a determination will be a secondary objective of the market research study ORA proposes.

a. Please describe in detail how your proposal complies with the requirement of Section 2870(f)(4)

Section 2870(f)(4) places two distinct requirements on the Commission; to ensure that incentive levels 1) "are aligned with the installation costs for solar energy systems in affordable housing markets" and 2) "take account of federal investment tax credits and contributions from other sources to the extent feasible."

The requirements of Section 2870(f)(4) will be aligned with the installation costs for solar energy systems in affordable housing markets through the use of the independent and vetted market research study to set rebate amounts, as recommended by ORA.

b. If you believe an upfront incentive structure should be adopted, please describe how the incentive level or levels should be determined. Please include quantitative data to support your recommendation.

Please see response to question 7 above.

c. If you believe a different incentive structure should be adopted, please describe in detail how such a structure would be implemented. Please include quantitative data to support your recommendation

8. Would a solar energy system paired with a storage device meet the definition in Section 2870(a)(4) of "solar energy system"? Why or why not?

Yes. Public Resources Code Section 25872 directed the California Energy Commission to establish criteria for solar energy systems that receive ratepayer funded incentives. ORA supports expanding the eligibility criteria to include solar systems that are paired with storage. Section 2870(a)(4) states that a "…'solar energy system' means a

solar energy photovoltaic device that meets *or exceeds* the eligibility criteria established pursuant to Section 25872 of the Public Resources Code[10]." [E*mphasis added*].

AB 693 clearly allows for the Commission to develop eligibility criteria that go beyond those established by the CEC in response to Resource Code Section 25872. ORA interprets the "… meet or exceed the eligibility criteria..." phrase to mean the definition of a "solar energy system" can be expanded. There are two main ways to achieve this:

1) Implement even more stringent eligibility criteria, OR

2) Allow the definition of a "solar energy system" to extend to paired storage and be eligible for this program.

Pairing storage with solar PV has become more viable since Section 25782 of the Public Resource Code was written a decade ago, so the latter approach to establishing the eligibility criteria of a solar energy system is the most sensible one to take.

Storage devices are natural extensions of solar PV arrays. Storage helps resolve the inherent intermittency challenges raised by solar energy as it:

1) balances the power grid by shaving peak demand and reduces the flow of nonessential solar energy on the grid, and

2) lowers energy costs for customers via reductions in demand charges and reduced consumption from the power grid during the evening hours.

Further, since all NEM 2.0 customers will be on a time-of-use (TOU) rate, customers can lower their energy cost by using the solar energy captured in their storage devices during the higher peak time hours.

Solar energy systems remain a considerable investment for the affordable housing market segment. Thus, ORA does not suggest the AB 693 program should require applicants to invest in storage devices. The program should provide applicants with the option to include paired storage and receive incentives for the complete system.

[10] Pursuant to Section 25872 of the Public Resource Code, the California Energy Commission (CEC) created "Guidelines for California's Solar Electric Incentive Programs"

9. If you believe that a solar energy system paired with a storage device meets the Section 2870 definition, should the Commission adopt incentive levels or structures for these projects that differ from the incentive structure that you have recommended in response to Question 7 for systems without storage? If so, how should the incentives differ? Please be specific and provide quantitative examples if relevant.

Storage-paired solar systems should receive additional incentives for the storage devices because it increases the overall cost and benefits of the system. Replicating an existing program such as the Self-Generation Incentive Program (SGIP) might provide a useful model and further the effort to efficiently implement the program.

10. Which, if any, features of the California Solar Initiative (CSI) and Multifamily Affordable Solar Homes (MASH) programs should be continued under the Program? For each program feature that you recommend be adopted for the Program, please provide a justification for its applicability and effectiveness for the Program. Examples include:

a. Systems must be installed by a contractor with an active Contractors State License Board (CSLB) license. Generation system equipment eligibility rules including.

I. System size justification and sizing based on future load growth

II. System size between 1 kW CEC-AC and 1 MW CEC-AC

b. Warranty requirements
c. Performance and permanency requirements
d. Requirement to interconnect to the electric utility's distribution system
e. Energy production metering requirements
f. Inspection requirements
g. Energy efficiency requirements
h. Incentive limitations including total eligible project costs, other incentives/rebates received, and project size and host customer site limitations
i. Application process (Reservation Request, Proof of Project Milestone, Incentive Claim)

j. 18-month incentive reservation period
k. Payment designation process
l. Other aspects to ensure systems meet the eligibility criteria established by the CEC pursuant.

ORA has no comments on Question 10 at this time.

11. How should the requirements regarding third-party owned systems set out in Section 2870(f)(3) be implemented? Please specifically address at least the following statutory requirements:

a. Enforcing contractual restrictions that ensure no additional costs are passed on to low-income tenants.

Section 2870(f)(3) provides no "additional costs for the system" should be passed on to low-income tenants as a result of installing third party owned (TPO) systems on a qualified building. To comply with this requirement, the Program Administrator must require that the building owner stipulate that no additional costs associated with the solar system would be charged to the low-income tenants.

b. Requirement that third-party system owners provide ongoing operations and maintenance of the system, monitor energy production and ensure that projected system production is achieved.

To ensure projected system production is realized, Program Administrators should require that third party system owners include binding contractual language specifying that all ongoing operation and maintenance activities will be provided by the system owner.

12. What types of local hiring requirements should be adopted?

a. How should the local hiring requirements be designed to ensure that they "provide economic development benefits to disadvantaged communities"? Please address, among other things, whether the requirements should be focused on hiring residents of disadvantaged communities

and/or on businesses located in disadvantaged communities.

b. Should these requirements include job training requirements similar to MASH?

ORA has no comment.

13. How should the Commission implement the requirement that the electricity generated by incentivized systems "be primarily used to offset electricity usage by low-income tenants"? Please address at least the following:

a. Should all, or a percentage of, electricity generated by the system offset low-income tenants' usage? Please provide a justification, including quantitative examples if relevant, for your recommendation.

To ensure systems receiving incentive payments provide primary benefit to low-income tenants, the Commission should require that a minimum of 80% of the system output be used to offset tenant consumption, on an annual basis, through the Virtual Net Energy Metering Tariff. Alternatively, the Commission should require the utilities to perform a study that determines the appropriate benefit allocation between property owners and tenants.

b. If you believe only a percentage of electricity generated by the system should be required to offset usage by low-income tenants, please propose and justify a method for allocating the percentage, including quantitative examples.

ORA recommends the 80 to 20 percent division of usage offset described in question 13a above. The tenant offset should be allocated according to each unit's respective usage. No more than the estimate of common area load, or 20% of the system's production, whichever is lower, should be allocated to bill reductions for the common area load.

c. How should the Program Administrator(s) verify that electricity generated by incentivized systems is offsetting electricity usage by low-income tenants? In your response, please discuss at least:

(i) The role of utility allowances, and

(ii) Required covenants or restrictions in deeds

At least every four months, the property owner or applicant should be required to provide the Program Administrator documentation that shows the itemized bill credit that accounts for MASRP savings via VNEM. Alternatively, the utility could provide Program Administrator the billing documentation. All documentation would require appropriate safeguards for the customer's confidential information.

(iii) Required covenants or restrictions in deeds.

Deed restrictions should not impact the electricity generation verification process, unless there are certain property-based restrictions regarding access to the system for meter recording purposes. ORA notes that with smart meters, verification of system output can be computed remotely without going to the site.

d. Which utility tariffs and credits should qualify as meeting the requirements of Section 2870(g)(1)? Please identify any other issues of coordination with current utility tariffs and credits that should be considered in the implementation of the Program.

The current investor owned utility (IOU) rate tariffs associated with virtual net energy metering (VNEM), are sufficient to provide low-income tenants credits on their utility bills as a result of program participation. As referenced in the code, these tariffs were designed in the MASH program, and have proven to be a successful means of ensuring equitable distribution of the solar credits from systems installed on multifamily buildings. VNEM should be applied to distribute credits based on the agreed tenant to common area allocations in 13b.

14. How should the Commission address the requirements of Section 2870(g)(2)[11]?

a. Which existing tariffs could this requirement implicate? Please specifically describe the relationship of Section 2870(g)(2) to each tariff identified.

ORA interprets Section 2870(g)(2) to mean that the Commission should ensure that the VNEM structure should continue to provide benefits to the low-income tenants participating in the program.

b. How should the Commission account for the impact of potential changes to utility tariffs being considered in other proceedings or contexts (e.g., residential rate redesign) on the obligation set out in Section 28709(g)(2)?

The general structure of the program should remain intact despite changes to utility tariffs that are being considered in other proceedings. For example, while VNEM credits and the CARE discount may change, low-income tenants participating in the program would see bill reductions subject to their underlying rates.

15. Should the Program include a limit on the amount of incentive payments that can be paid to projects developed by any one third-party owner, supplier or installer of qualified solar energy systems? Why or why not? If there should be such a limit, how should it be determined?

No. This proposed program rule presumes that there is a significant problem with the market share of projects developed by individual developers. Such evidence has not yet been presented in this proceeding. Setting such limits in the absence of a significant problem can create unnecessary complexity and limit the choices available to eligible property owners. Instead, ORA recommends that the PA(s) submit a Petition for

[11] 2870(g)(2) The commission shall ensure that electrical corporation tariff structures affecting the low-income tenants participating in the program continue to provide a direct economic benefit from the qualifying solar energy system.

Modification of the Commission adopted program rules if and when a market-share problem emerges.

16. Should the Program include a limit on the number of MW for which projects developed by any one third-party owner, supplier or installer of qualified solar energy systems may be paid with Program incentives? Why or why not? If there should be such a limit, how should it be determined?

No, for the reasons stated in response to question 15.

17. What program administration structure should be adopted? Please address at least the following with specificity:

a. Both the benefits and the drawbacks of utility administration

b. Both the benefits and the drawbacks of third-party administration Both the benefits and the drawbacks to selecting one statewide administrator

c. Both the benefits and the drawbacks of selecting different administrators in each utility territory;

d. If you believe a third-party administrator should be selected through a competitive bidding process, what criteria should be used to evaluate proposals?

e. What, if any, program rules or funding/budget specifications would be affected by your recommendation for administrative structure?

ORA generally supports statewide third-party administration of energy sector program efforts such as low-income programs and energy efficiency. A single statewide administrator will ensure consistency across the IOU territories, and reduce administrative overhead by avoiding redundancy. The administration of this program will largely involve verifying eligibility, reserving incentive funding, verifying project completion, coordinating interconnection and tariff issues with the local utility, and making incentive payments. These are tasks that need not be replicated across the utilities service areas or across multiple third-party administrators. Furthermore, the

eligible and interested pool of participating properties is likely to be small enough to be efficiency managed by a single program administrator. The Commission should order the IOUs to jointly prepare a competitive solicitation for the statewide administration of the program. The solicitation process should include opportunities for meaningful stakeholder input from a stakeholder review and advisory group made up of non-financially interested parties.

18. In D.12-12-033, the Commission established a framework for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Liberty Utilities (CalPeco Electric) LLC (Liberty), and PacifiCorp to distribute proceeds of greenhouse gas (GHG) allowances allocated to electric investor-owned utilities (IOUs) in furtherance of the goals of AB 32 (Nuñez/Pavley), Stats. 2006, ch.488 (the Global Warming Solutions Act of 2006), to their customers. The GHG allowance proceeds identified in Section 748.5 and called out in Section 2870 are those of "an electrical corporation," a category that includes all five utilities listed above.

a. Should PG&E, SCE, SDG&E, Liberty, and PacifiCorp all be required to contribute GHG allowance proceeds to fund the Program? Why or why not?

b. Should incentives from the Program be available to eligible projects in the service territories of all five utilities? Why or why not?

c. If you believe that any of the five IOUs should be exempt from contributing to and/or having projects in their service territories participate in the Program, please provide an explanation for the recommended exemption(s).

ORA has no comment at this time.

19. Section 2870(c) directs the Commission to annually authorize "the allocation of one hundred million dollars ($100,000,000) or 10 percent of available funds, whichever is less, from the revenues described in subdivision (c) of Section 748.5," to fund the Program. The statute also allows up to 10 percent of total funds allocated to the Program to be used for administration.

a. If the annual allocation of funds is $100,000,000 (because this amount is less than 10 percent of available funds), how should each IOU's contribution be determined (e.g., based on retail sales, based on another methodology)? Please provide a detailed explanation for the method chosen. Please provide quantitative examples, including a complete calculation with your recommended method.

If the annual allocation of funds is $100,000,000 because it is the lesser of the 10 percent of available funds, each IOU's contribution should ideally be based on an estimate of the number of eligible properties in each IOU's service area. The allocation would then be proportional. For example, if 50% of the eligible properties are estimated to be in PG&E's service area, then 50% of the annual revenue allocation will be contributed by PG&E. The Commission should assign a third party with expertise in this market segment to determine in which IOU territories eligible properties reside and recommend the appropriate breakdown of funding responsibilities.

If an IOU does not have enough money within its GHG allowance budget to contribute to its assigned percentage of the program funding, then the other IOUs would then share that extra burden equally until they reach their respective caps. The cap for each IOU would still be 10% of its available funds. Ratepayers in these territories should not see a further reduction in their Climate Credit since these revenues would already be set aside for the program. According to Decision 14-10-033, the Phase 2 Decision Adopting Standard Procedures for Electric Utilities to File Greenhouse Gas Forecast Revenue and Reconciliation Requests, in the A. 13-08-003 proceeding, utilities cannot set aside greenhouse gas allowance revenue for clean energy and energy efficiency projects until the Commission approves a qualifying project. The approval of the AB 693 program

means the IOUs have already begun planning to set aside 10% of their available GHG allowance revenues for program use.

b. If the annual allocation of funds is 10 percent of available funds (because this amount is less than $100,000,000), how should each IOU's contribution be determined (e.g., based on retail sales, based on another methodology)? Please provide a detailed explanation for the method chosen, including the calculation of "10 percent of available funds." Please provide quantitative examples, including a complete calculation with your recommended method.

See response to 19a.

c. While AB 693 discusses the Program budget in terms of fiscal years (see, e.g., Section 2870(c)), IOUs record and distribute GHG allowance proceeds over the course of a calendar year. Do funding calculations need to account for this timing difference? If so, how? Please provide quantitative examples, if relevant.

Revenue to fund the program should be collected on an annual basis one year ahead of the year in which the revenue would be expended on program activities. Funding should begin to be allocated from GHG allowance revenue beginning July 1, 2016, and the program is expected to begin implementation on July 1, 2017. Therefore, the program will only be able to budget one year at a time.

d. Since the amount of annual GHG allowance proceeds in future years is unknown, the amount of funding available for the Program each year cannot be specified in advance. How should budgets for the Program be determined in the context of this uncertainty? Please provide specific justifications for your proposed method.

Revenue for each program year will be budgeted one year at a time and only through 2026 in the best case scenario (assuming the cap and trade program is extended beyond 2020). There is the chance then that the program will not have enough money to

run through 2030 and meet the 300 MW program goal. Given the uncertainty around the program funding amount year to year, it may not be possible to mitigate this funding risk.

e. What types of activities should administration funds be used for? Please specifically address at least: program administration; measurement and evaluation; and marketing and outreach.

Administration funds should include the costs to administer the program (review incentive reservation applications, conduct inspections, process incentive claims); measurement and evaluation costs; marketing and outreach costs; and costs incurred by the utilities for administering a solicitation for a statewide program administrator.

f. What proportion of the total Program budget (not exceeding 10 percent) should be allocated to administration? Please justify the number chosen with reference to the activities identified in response to Question 22e.

What is the appropriate regulatory accounting mechanism for the IOUs to use to set aside GHG allowance proceeds for the Program? Please explain in detail the basis for your recommendation.

ORA has no comment at this time.

20. The California Air Resources Board's Cap-and-Trade Regulation prevents utilities from publicly disclosing auction bidding information, including intent to participate in an auction, bidding strategy, and bid quantity information (17 CCR § 95914 (c)(1)). How should the Commission take this requirement into account in structuring the funding and budgeting for the Program?

See ORA response to question 19.

21. The Commission is required to establish energy efficiency requirements for the Program.

a. How should such energy efficiency requirements be determined? Should the Commission simply adopt

requirements equal to those in Section 2852? Why or why not?

b. If the Commission should adopt different energy efficiency requirements, how should those requirements be determined?

c. What documentation should applicants be required to provide of compliance with the requirements set in accordance with Section 2870(f)(7)?

22. ORA has no comment at this time. Should the Commission establish interim targets for the installation of capacity under the Program? Why or why not? How should such interim goals, if they are appropriate, be determined?

ORA has no comment at this time.

23. What types of data collection and reporting requirements should the Commission adopt for the Program? Please include a discussion of whether data from the Program should be reported on the Cal DG Stats website that is currently under development and intended to replace the current California Solar Statistics website.

ORA supports the reporting requirements already required by statue. These data should be made available on the California Solar Statistics (CSS) website. In addition, given the uncertainty surrounding available funding and residential rate redesign, ORA recommends more frequent, brief updates to the CSS website on:

- Cap and trade auction results for the IOUs' GHG allowances (in all relevant auctions, not just the most recent)
- Available program funding, # of participants, $ amount awarded, progress toward program's MW target
- Any other sources of funding or programs that could impact this market segment
- Any CARE program changes
- Any TOU changes

24. What safety issues should be considered in the implementation of the Program? Please specify who should be responsible for meeting any safety requirements you identify (e.g., applicant, utility, supplier of solar energy system, etc.)

PAs should be responsible for setting program safety guidelines consistent with industry standards. In setting these guidelines, PAs should provide oversight to ensure that systems are appropriately installed on qualified buildings.

25. Please identify and, if relevant, comment on any additional topics related to implementation of the Program that are not addressed in the questions above.

ORA has no comment at this time.

IV. CONCLUSION

ORA supports maximizing the benefits of the AB 693 program to low-income tenants. ORA, therefore, encourages the Commission to adopt a framework that is similar to the existing MASH Program but with a more dynamic incentive structure that takes into account changes in the cost of installing solar, an independent statewide administrator, and the option to include storage.

Respectfully submitted,

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